

# **INTERIM JOINT COMMITTEE ON EDUCATION**

## **Minutes of the First Meeting 2003 Session Break**

**February 3, 2003**

The first meeting of the Joint Committee on Education was held on Monday, February 3, 2003, at 10:00 AM, in Room 149 of the Capitol Annex. Representative Frank Rasche, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Lindy Casebier, Co-Chair; Representative Frank Rasche, Co-Chair; Senators Walter Blevins, Brett Guthrie, David K. Karem, Alice Kerr, Vernie McGaha, R.J. Palmer II, Jerry Rhoads, Dan Seum, Gary Tapp, Jack Westwood, and David L. Williams; Representatives Buddy Buckingham, Mike Cherry, Jack Coleman, Jon Draud, Ted "Teddy" Edmonds, C.B. Embry Jr, Bill Farmer, Tim Feeley, Derrick Graham, Mary Harper, Mary Lou Marzian, Reginald Meeks, Harry Moberly, Russ Mobley, Rick Nelson, Tom Riner, Arnold Simpson, Dottie Sims, Kathy Stein, Jim Thompson, and Charles Walton.

Guests: Susan Leib, Wallace Campbell, Elsie Thompson, and Terry Poindexter, Education Professional Standards Board; Dr. Ora Cobb, Bellevue Independent Schools; Chuck Vaughn and Joe Walters, Campbellsville Independent Schools; Larry W. Williams, Allen County Schools; Pam Rogers, Boyle County Schools; Robert B. Barnes, Teachers' Retirement; Mike Carr and Wayne Young, Kentucky Association of School Administrators; Phil Eason, Ashland Independent Schools; Larry Woods, Butler County Schools; Roland Haun and Clyde Caudill, Kentucky Association of School Superintendents; Cindy Heine, Prichard Committee; Mike Ridenour, Lexington Chamber of Commerce; Frances Steenberger, Kentucky Education Association; and Bonnie Brinly, Kentucky Department of Education.

LRC Staff: Audrey Carr, Ethel Alston, Jonathan Lowe, Sandy Deaton, Kelley McQuerry, and Lisa Moore.

Representative Rasche and Senator Casebier welcomed new members and introduced staff. A motion was made to approve the minutes of the November 12, 2002 meeting by Senator Tapp and seconded by Senator Casebier. The motion was approved by voice vote.

Representative Rasche introduced Bonnie Brinly, Kentucky Department of Education, who explained Administrative Regulations 702 KAR 3:310 and 702 KAR

3:390 which are responses to legislation that was passed in 2002. She said 702 KAR 3:390 is an amendment to the administrative regulation relating to extended school services and permits waivers to school districts to schedule programs during the day. She explained that 702 KAR 3:310 is a proposed administrative regulation that defines the factors that may be included in a local district differentiated compensation plan and procedures for the development and approval of the plan.

Representative Feeley asked if the extended school services required an individual waiver from each district. Ms. Brinly said the district must provide a rationale explaining why a day-time program is needed in addition to the districts regular extended school services program. She said a district must provide a description of how the program will be incorporated, including a schedule for student instruction, a description of how students will be selected to participate in the program, a procedure to track budget expenditures, and a process to evaluate the effectiveness of the program.

Senator Westwood asked a question about Administrative Regulation 702 KAR 3:310. He inquired about the language inserting “multiple measures of” in front of student performance, and asked for an explanation. Ms. Brinly said there are a number of different factors that local boards of education can include in terms of providing additional compensation to teachers. She said multiple measures of student performance means that students would have to show more than one measure of improvement in order to provide a teacher additional compensation. Senator Westwood asked for an explanation of the language adding “to diversify the staffing of the school” as an option within a local district differentiated compensation plan. Ms. Brinly explained this can include the recruitment of minority teachers or gender and subject specific teachers. Senator Westwood also asked about the language that said participation is “voluntary in any career advancement initiative.” Ms. Brinly said this means that the local board of education cannot require a teacher to participate.

Representative Sims asked for a brief summary of the regulation impact analysis including an explanation about the five local school districts receiving a grant and how the number five was determined. Ms. Brinly said the number five was determined by requirements in the legislation of 2002 RS House Bill 402. She said the purpose of the program authorized that the board of education could use other factors besides the base salary and salary supplements to increase the salaries of teachers. Ms. Brinly said the purposes of these plans are to recruit and retain teachers in critical shortage areas, help reduce the number of emergency certified teachers employed in a district, provide incentives to recruit and retain highly skilled teachers to serve in difficult assignments and hard-to-fill positions, to provide career advancement opportunities for classroom teachers who voluntarily participate, or to reward teachers for increasing their skills, knowledge, and instructional leadership within the district. Ms. Brinly said a professional compensation fund was set up and the fund was to provide grants to at least

five school districts in the 2002-2004 biennium. She said no state funds were designated for this, but federal teacher quality funds will be utilized to administer the program.

Representative Draud said the main purpose of this bill was to create models for school districts around the state to compensate school teachers in a different manner instead of basing salary increases on years of experience and number of degrees.

Representative Graham asked if the extended school services program could be offered to a student during the day when a student had free time, instead of after regular school hours. Ms. Brinly said that was correct, but a school would need to apply for the waiver, set up the program, and administer the funds. Representative Graham commended this piece of legislation.

A motion was made to accept the administrative regulations by Representative Sims and seconded by Senator Casebier. The motion was approved by voice vote.

Mr. Beau Barnes, General Counsel, Kentucky Teacher Retirement System (KTRS), explained Administrative Regulation 102 KAR 1:280. He said the regulation is in response to 2002 RS House Bill 637, and established eligibility requirements for members of the KTRS to receive a three percent retirement factor for years or fractional years of service in excess of 30 years service after July 1, 2004.

A motion was made to accept the administrative regulation by Representative Thompson and seconded by Representative Draud. The motion was approved by voice vote.

Representative Rasche introduced Ms. Kyna Koch, Associate Commissioner, Department of Education, who presented an explanation of the Support Education Excellence in Kentucky (SEEK) formula. She encouraged members to ask questions throughout the presentation.

Ms. Koch said the SEEK program is multi-tiered with a combination of state and local funding. She said the three tiers include Adjusted Base Guarantee, Tier I, and Tier II. She said Kentucky's formula is similar to others developed throughout the country after equity suits were filed in other states.

Ms. Koch said there is a guaranteed base set by the General Assembly in the biennial budget and this is \$3,149 per pupil for 2002-2003. She said there are several add-on components incorporated including at-risk which provides an additional 15 percent of the base for each child who is eligible for the free lunch program. Ms. Koch said the determination for this factor was based on research that children who come to school disadvantaged socio-economically have more needs, and it requires more resources to meet those needs. She said there is also an add-on component for

transportation and this formula is a separate calculation based largely on the number of students that are transported by districts.

Senator Tapp asked how students qualify as at-risk. Ms. Koch said the federal government annually sets an income level and determines through the United States Department of Agriculture what the income level of parents would be in order that their children qualify for free or reduced lunch. Ms. Koch said there is a direct certification process established for districts from the Cabinet for Families and Children that bypasses the parents having to fill out an application. She said this has helped to serve students whose parents choose not to seek assistance.

Representative Meeks asked why SEEK does not include funding for at-risk students for both free and reduced lunch. Ms. Koch said the reason for excluding students in SEEK who receive reduced lunch rates was a legislative decision, and she cannot address legislative intent. Representative Meeks asked Representative Rasche for clarification as to why these students were excluded and information on cost for including these students. Representative Rasche said he would have staff investigate.

Representative Walton asked about transportation funding and determining funding for students who are transported by parents and the school bus. Ms. Koch said districts can make changes anytime there is justification for a change, and the requirement at the department level is that each student is checked twice a year, once at the beginning of each semester. She said the general rule of thumb is that if students are riding the bus over 50 percent of the time, they should be counted.

Representative Farmer asked about the frequency of audits conducted for transportation. Ms. Koch said attendance audits are performed in 25 percent of the districts each year. She said within an attendance audit, there is an actual count of how many students are showing up on a bus driver's bus list as compared to data in the system. She said a district can count on being audited once every four years unless a problem is reported.

Ms. Koch discussed the add-on component for exceptional children. She said this component has three different weights assigned including 2.35 base for children of low incidence or the children with the most severe disabilities, 1.17 for moderate incidence, and 0.24 for high incidence. Ms. Koch said the federal December 1 date is used to count these students. She said the 2.35 percent of the base is an additional \$7,400 in addition to the \$3,149 base, so a child with severe disabilities could generate in excess of \$10,000 through SEEK. She said the 1.17 percentage converts to \$3,684, and 0.24 is an extra \$756 dollars.

Ms. Koch said the final add-on component is for home and hospital. She said there is a very small number of children served in their home or through a hospital

setting. She said districts are funded at the base minus \$100 dollars for those students. She said students are required to receive services twice a week, and changes are on the way for 2004 for these non-traditional students.

Senator Westwood asked how the home and hospital students were counted if not by the December 1 date. Ms. Koch said they are counted by average daily attendance, or the number of days the students are actually served in that environment. She also said when the students return to school, they are no longer counted in home and hospital.

Representative Feeley asked if the December 1 date set the base for the following school year. Ms. Koch said that was correct. Representative Feeley asked if the local districts received federal funds for the add-on components for exceptional children. Ms. Koch said local districts receive funds through the Individuals with Disabilities Education Act (IDEA) that are provided at the federal level. Representative Feeley asked if federal funds were incorporated into the state budget for exceptional children. Ms. Koch said no federal money goes into the SEEK calculation. Representative Feeley said it should be feasible for Kentucky to identify what is being added to the SEEK formula statewide for care for exceptional children. Ms. Koch said not every school district is choosing to account for all of the money being spent on exceptional children in a way that it can be tracked in the accounting system. She also said that many exceptional children are now mainstreamed and in regular classrooms, and it would be difficult for districts and labor intensive to break out every general fund expenditure for these children. Ms. Koch said superintendents can verify that they are spending more on special education services than they are receiving through a combination of state and federal funding. Representative Feeley said it would be helpful to the legislature during budget considerations to see what the gap is so it can be addressed. Ms. Koch said an intensive effort is going to be made with school districts at the closure of the 2003 session to show them the benefit of providing that information so that it will be available to legislators.

Representative Draud said the original federal legislation was supposed to fund exceptional children at 40 percent, and the highest the federal government has ever actually paid out for these children is 12 percent. He said exceptional children can cost two and half times what it costs to educate regular children, and that is not counting if an unusual disability is present in a child. Representative Draud said the real issue is the federal government has never funded this program adequately, yet the school districts are mandated to implement it.

Ms. Koch said all districts participating in the SEEK calculation are required to levy a property tax rate of at least 30 cents. She said this 30 cents per \$100 of property value or its equivalent is subtracted from what the total adjusted base guarantee was for that district, and that is what the state will contribute. Ms. Koch explained the SEEK calculation, and said the average daily attendance for the district is multiplied by the guaranteed base for the year set by the General Assembly and this year it was \$3,149

dollars. She said then an amount of money is added on for children identified as at-risk, transportation money, exceptional child money, and home and hospital, and the new figure becomes the adjusted base guarantee. Ms. Koch said the required local effort (assessment x 30 cents) is subtracted from the adjusted base guarantee to equal the state base SEEK.

Senator Seum asked if 30 cents was the minimum that a school district could contribute. Ms. Koch said it was the minimum, and the figure varies district to district. Senator Seum asked if a school district chooses to vote a school tax, is it penalized? Ms. Koch said the district was not penalized, and keeps every cent of local money raised, but with some restrictions.

Representative Sims asked where the money went if a student transferred from one school district to another. Ms. Koch said that the money follows the child.

Ms. Koch said the Tier I component is optional, but it allows districts to raise an additional 15 percent above the SEEK base. She said this tier is equalized by the state at 150 percent of the statewide average per pupil assessment (\$545,000 for FY 2002-2003).

Ms. Koch said the Tier II is also an optional component permitting districts to levy an additional 30 percent of the adjusted base guarantee and Tier I. Senator Karem asked if all districts levied the maximum Tier I. Ms. Koch said only five districts are not at the maximum Tier I.

Ms. Koch said revenue generated in Tier II is all local with no state participation or intervention, however, Tier II was meant to be levied with voter approval. She said there have been some unintended consequences with SEEK due to House Bill 44. Ms. Koch explained the designers of the SEEK formula contemplated that all school districts would levy under the new taxing provisions that were set up in House Bill 940. She said that they can do maximum Tier I without voter approval and without recall, but to enter into Tier II would require voter approval, except for those districts that were grandfathered in by the General Assembly who already had tax rates that were in Tier II. She said what was not contemplated at the time is that House Bill 44 is still on the books. Ms. Koch said this means that almost no districts are levying under House Bill 940, and most are under House Bill 44 because it is the most advantageous to the district and they can do more without voter approval. She said Tier II was also designed to be a cap, once the maximum of Tier II was reached, nothing else any higher could be levied.

Ms. Koch explained the hold harmless provision was put into the law in 1992 so that districts would not go backwards in state funding. She said whatever districts had received through the SEEK formula in 1991-1992, per pupil in state funding, the state would guarantee through the hold harmless provision that they would always receive at least that amount from the state. She said in FY 2002-2003 there were only three districts

subject to the hold harmless provision for a total of \$600,000 statewide, and it is not a significant factor.

Representative Graham asked what three districts were in the hold harmless provision. Ms. Koch said they were Anchorage, Southgate, and Fayette, but some districts bounce in and out of hold harmless depending upon their assessment scores such as Boone County and Fort Thomas Independent.

Ms. Koch said the SEEK base has increased 37 percent since tax laws were reformed for property taxes, but the equalization level has increased 142 percent. She said property assessments have grown much faster than the SEEK base which is why House Bill 44 is so predominant.

Ms. Koch said the two tax laws under which districts can levy are House Bill 940 and House Bill 44. Ms. Koch said in 2001-2002, seven districts could levy 15 percent in Tier I, and an additional 30 percent in Tier II under House Bill 940. She said House Bill 940 is dependent on the adjusted base guarantee, mix of taxes (property vs. permissive), and takes into consideration the equalization rate which places all districts on an even playing field. It had maximums set by both Tier I and Tier II.

Ms. Koch said exceptions to House Bill 940 include districts not having to lower their tax levy from what they had in place in 1989-1990. She said the purpose of this was because some districts were levying at very high levels, and no one wanted to bring them down, but to help move other districts up to their level. Ms. Koch said the hold harmless provision was an exception because it provided money that was not generated through the SEEK formula, and since that time districts that are growing and meet specific criteria, are allowed to levy an additional five cents per \$100 dollars of assessed value for facilities. Ms. Koch said all of the provisions in House Bill 940 have very little to do with the changes in the value of property.

Ms. Koch said House Bill 44 is dependent on changes in property only. She said House Bill 44 has several possible levies including the compensating rate which is the same property revenue as the previous year, but excludes new property. She said they can levy Subsection I which is the maximum that could be levied the year before, or they can levy four percent more than the compensating rate. Ms. Koch said some districts have even risen above the Tier II cap, by levying the four percent under House Bill 44. She said many local districts see this as an asset.

Representative Coleman said the four percent increase does not always cover the growth factors in school districts.

Representative Draud said it is a four percent increase in revenue, not necessarily a four percent increase in taxes for each home owner. Ms. Koch said yes, but it means that school districts may have to lower their tax rate, and they may want to keep their same

rate. She said the assessments from Property Value Administrators (PVAs) affects the rate the most. She said the assessment cycle is hard to predict as there is no pattern formed. Ms. Koch said there are districts in which all of the residential property is valued in one year of their four year quadrant. She said those districts would see an assessment that is flat, and then rises above four percent, which actually ends up penalizing the district. Ms. Koch said the Revenue Cabinet has done an excellent job working with the Department of Education and the PVAs to ensure that all school districts are on the tax calendar, and to ensure that all property is valued at fair cash value.

Representative Walton said tax issues need to be addressed. Ms. Koch said the Department of Education is preparing a package for the 2004 General Assembly that should address all of the unique taxing circumstances identified. She cannot guarantee all problems will be fixed within the 176 districts with many differences in property values and tax rates.

Representative Buckingham asked if it were possible for school districts to have a decline in evaluations to the point in which they actually lose money. Ms. Koch said this is possible, but it is rare. She said usually it is in a small counties where they lose a plant, or some other industrial operated site. She said it would almost never occur with residential properties, but only with industrial/commercial properties. Representative Buckingham asked if a remedy was possible for this situation. Ms. Koch said it was a unique situation, and the General Assembly could look at some options for holding districts harmless for a period time for excessive loss of assessment.

Senator Williams said it needs to be in perspective that school districts do not pay taxes – individuals do. He said the larger problem is the one-year delay with the growth population in the funding process rather than the redistribution. He said if a school district has a tremendous growth in property valuations, it does not necessarily mean that it has a tremendous growth in its school population. Senator Williams asked which was the greater problem: the glitches in the growth situation for some districts, or the delay in receiving funds and building funds in districts that have student population growth? Ms. Koch said they were both critical issues, and certainly the facility funding is not keeping up with the needs of growing districts. She said one remedy would be to put more money into the School Facilities Construction Commission. She said there is a three-pronged funding mechanism for facilities in Kentucky. She said there is capital outlay which is part of the SEEK formula and is provided to local school districts at \$100 dollars per pupil, the Facilities Support Program of Kentucky which requires districts to levy a five cent equivalent tax, and is equalized as in Tier I, and also the money that is provided through the School Facilities that is based in part on need. Ms. Koch said Kentucky has dealt with the severe underfunding of the School Facilities and Construction Commission which has hurt the growth districts. She said one proposal is to allow all districts to levy



another five cents for facilities, and in better budgetary times, come back and phase in the equalization of the additional nickel.

Ms. Koch said districts do receive their regular SEEK money and they receive growth adjustments that year. Senator Williams asked Ms. Koch to look at ways Kentucky can deal with anomalies rather than change the entire structure. He said districts such as Ballard County and Monticello Independent will never be able to afford to build sufficient facilities for their students under the current formula. Senator Williams said Kentucky must remember that while we have these growth districts, there are also other districts where local citizens are making a tremendous effort, but the formula will never allow them to get there. He said the effort being made in each district must be measured by the effort by individual taxpayers and not the cumulative effort of people based upon their different circumstances.

Representative Draud said the building needs are very important to superintendents around the state and the SEEK formula needs to address this. He said the School Facilities Construction fund has been inadequately funded for a number of years and Kentucky is suffering to provide adequate facilities. He asked Ms. Koch to comment on the fact that some communities need state funds to provide adequate facilities for its students. Ms. Koch said one goal of the Kentucky Board of Education is to reduce the numbers of level four and five buildings throughout the state, which are the worst buildings.

Representative Walton asked if the capital outlay money in the SEEK formula was determined to be \$100 dollars per pupil for school districts in 1990. Ms. Koch said it actually precedes 1990 going back to the late 1970's or early 1980's. Representative Walton said this figure is probably at least 20 years old, and schools were much cheaper to build and maintain 20 years ago than they are today.

Representative Coleman expressed concern that the SEEK formula has been and will continue to be inadequate without additional funding. He said in 1994, money was taken from programs such as the school facilities program and given to other purposes, and he does not feel Kentucky ever recovered from this.

Ms. Koch explained the pie chart in the handouts that the members received relating to projected budget needs and budget reductions. She said it was a breakdown of the total education budget, and SEEK has just over 2 billion dollars. She explained that there is a SEEK appropriation unit and a SEEK calculation. She said the remainder of the budget is the Kentucky Teacher Retirement System (KTRS) is \$263.9 million, Life and Health is \$277.4 million, other grants to schools is \$259.0 million, department administration is \$29.7 million, Kentucky School for the Blind is \$5.4 million, and Kentucky School for the Deaf is \$9.1 million. She said KTRS and Life and Health are

two areas that cannot be cut in the budget. Ms. Koch also explained the spreadsheet itemizing the budget for elementary and secondary education.

Representative Rasche introduced Dr. Ken Henry, Director, Office of Education Accountability (OEA), to explain data extracted from the 2002 OEA Annual Report. He said the purpose for the finance report is to examine the impact of equity across school districts in the state in terms of funding. Dr. Henry said the measure used is the coefficient variation which is the measurement of variance in funding among the districts in the state. He said the closer that number approaches zero, the smaller the gap and the less variance between districts. He said in 1990, Kentucky started out at 0.17 coefficient, and in 2001 it was 0.11.

Dr. Henry said the report divided students in the school districts into quintiles so that 20 percent of the students in the state are in approximately each of the five divisions and that is then divided by property wealth. He said the funding gap is measured between Quintile 1 and Quintile 5. He said the funding gap in state and local dollars was \$1,558 dollars in 1990, and \$1,171 dollars in 2001.

Dr. Henry said the funding gap is not as wide between Quintile 1 and Quintile 5 in terms of total funding which is local, state, and federal funding. He said the gap was \$1,380 dollars in 1990, and \$833 dollars in 2001. He said there is a residual gap that the SEEK formula has been unable to close.

Dr. Henry said some different analyses were conducted in this report. He said the effect of the grandfather clause was examined by removing the 41 districts that were originally grandfathered into SEEK because the districts had levied more than the Tier I rate. He said if the 41 districts are removed from the comparison, and the quintiles are recast, there is no gap. He said also with these districts removed, Quintile 1 receives \$42 dollars more than Quintile 5. Dr. Henry said the formula has done a good job of closing the gap when the impact of the grandfathered districts is acknowledged.

Dr. Henry said permissive taxes were examined for their impact on equity. He said it is a form of wealth, but does not really affect the SEEK formula. He said 61 districts in Quintile 1 collect \$177 dollars per pupil in permissive taxes, while the four wealthy districts in Quintile 5 collect \$1,159 per pupil in permissive taxes. Dr. Henry said the impact is \$127 dollars in the equity gap contributed to permissive taxes.

Representative Rasche asked how SEEK funding affected the equity among school districts. Dr. Henry said if SEEK funding is cut across the board, then the equity gap explodes.

Representative Draud said he believes equity has improved vastly over the last decade, but he asked how \$833 in Kentucky's total funding gap compares with other

states? Dr. Henry said he had not compared it, but Ms. Koch said numerous national experts have studied Kentucky's SEEK formula in relation to equity and are always amazed that Kentucky has sustained the formula for 13 years, and how close it has come to achieving equity. She said it would be very difficult to measure state to state because everybody adds their own twist to their formulas. Dr. Henry said every state takes a different approach because almost all of them are functions of court decisions. He said it also hard to compare state to state because of how equity is defined and measured. Representative Draud said he believes we should address the tax issues identified by Representative Walton, but not hurt property poor districts.

Representative Meeks asked about the benefits of grandfathering in the 41 districts into the SEEK formula. Dr. Henry said when SEEK was implemented, 41 districts were levying the maximum Tier I, so rather than to force those districts to levy less tax and collect less local revenue, they were grandfathered in and allowed to keep that tax rate. Dr. Henry said this was an immediate explosion of the equity gap, and is the cause of the entire gap.

Representative Rasche recessed the meeting for lunch at 12:00 p.m.

Senator Casebier reconvened the meeting at 2:00 p.m. and the committee members had the opportunity to interview gubernatorial appointees to Education Boards.

Senator Casebier introduced Mrs. Norma Adams, Chair of Council on Postsecondary Education, and Tom Layzell, President, Council on Postsecondary Education (CPE), who made some preliminary comments and gave the members background information on Mr. Layzell. Mr. Layzell said he was excited about education reform in Kentucky and looked forward to getting to know the committee members.

Senator Casebier introduced Peggy Bertelsman, appointee to the CPE, and she gave background information of her professional career.

Representative Draud commented that Ms. Bertelsman and her family are held in high regard in Northern Kentucky and the committee should be honored to have her serve on the Council on Postsecondary Education.

Representative Rasche asked her if she saw the job shifting or milestones changing for CPE. Ms. Bertelsman said CPE is promoting a statewide system approach which is a major shift from the Council on Higher Education. She said the presidents are endorsing this concept of a statewide system, which is a huge change.

Senator Casebier introduced Ms. Terry Poindexter, Dr. Wallace Campbell, and Ms. Eleanore Thompson, all appointees to the Education Professional Standards Board,

with Ms. Thompson being a reappointment, who gave background information on their professional careers.

Senator Williams asked Ms. Poindexter about various associations she had been involved in including the Kentucky Education Association and the National Education Association. He asked if she was currently serving or planned to serve on the Kentucky Education Political Action Committee (KEPAC), and she said that she did not currently serve, and would not if it were to cause a conflict of interest.

Senator Casebier introduced Ms. Helen Mountjoy, Ms. Dorothy Combs, Mr. David Tachau, and Mr. Jeff Mando, all of whom are appointees to the Kentucky Board of Education (KBE) with Ms. Mountjoy being a reappointment. All gave background information on their professional careers.

Representative Graham asked Ms. Mountjoy how many years she taught in the classroom. Ms. Mountjoy said she was in the classroom full-time for four years, and then she was a full-time substitute for two years. Representative Graham asked if she taught in public or private/parochial schools. Ms. Mountjoy said the first year and half was in parochial schools, with the latter being in public schools.

Senator Westwood asked Ms. Combs if she was familiar with Senate Bill 186 that was passed back in 1998 to work on literacy in the schools. He asked her opinion on using phonics as part of reading models. Ms. Mountjoy said phonics is a big aspect of learning to read by teaching children how to de-code and helping them to learn sounds. Senator Westwood asked if she would be open to phonics instruction, and she said she certainly would. Senator Westwood asked Ms. Mountjoy about the formula Kentucky uses in the Department of Education relating to the high school drop-out and graduation rate as it is much different than what the federal government requires. He said many other states have more rigorous standards and asked Ms. Mountjoy if she endorsed Kentucky's formula. Ms. Mountjoy said she does endorse Kentucky's formula because it was recommended by the National Center for Education Statistics and the State Board after they had reviewed and researched nine different formulas along with the National Technical Panel, employed by the Legislative Research Commission (LRC) to advise the KBE and the legislature about such matters. Senator Westwood suggested that Kentucky should take a lead in changing the formula especially since the implementation of the No Child Left Behind Act (NCLBA). Ms. Mountjoy said that NCLBA did not specify a formula making it difficult to compare things across states very specifically. She said no matter what formula is used, the bottom line is that Kentucky has too many drop-outs. Senator Westwood asked if KBE has time allocated on the agenda to hear citizens' concerns. Ms. Mountjoy said they do from time to time depending upon the issue at hand. She said normally this is not practiced except in committee meetings primarily because their time is very limited. Ms. Mountjoy stressed however, that board members communicate with constituents by telephone and email on a regular basis.

Representative Moberly recognized Ms. Dorothy Combs as being very distinguished in her field and having the highest of reputations in the community. He said he thought she would make an outstanding board member as well as Ms. Mountjoy with her vast experience in assessments.

Senator Rhodes said he had known Ms. Mountjoy for a number of years and felt it was admirable that she listed her occupation as volunteer. He said the KBE needs her leadership and highly recommends her reappointment.

Senator Williams addressed Ms. Combs and said KRS 156.040 says that no member at the time of his appointment or during his term of service shall be engaged as a professional educator, and she had listed on her resume that she was a professor at Eastern Kentucky University in the College of Education. He asked her position on this issue. Ms. Combs said she viewed herself as a professional educator because she makes her living as an educator, but currently she makes her living as a teacher educator at the college level. She does not see it as a conflict with KBE as she is not paid by a school district as an educator. Senator Williams sees this as a valid concern because of the wording of professional educator. Ms. Combs said if she ever felt there was a conflict of interest in a topic discussed at a meeting, then she would remove herself from the discussion. Senator Williams said there will be a meeting in the near future to discuss the issue. He asked Mr. Mando if a member of his firm had represented the Boone County School Board and the Covington Independent School Board. Mr. Mando said that was correct. Senator Williams asked Mr. Mando if he should serve on the local school board in Covington or the local school board in Boone County if a member of his firm was under the employee of one of those organizations? Mr. Mando said that he lives in Kenton County and no one from his firm has represented anyone from the Kenton County school district. Mr. Mando said also in the past when anyone from Boone County or Covington Independent came before the board, he would not participate. Senator Williams asked Mr. Mando if there was a firewall in the firm in order to segregate business so that he would not directly or indirectly benefit from the employment of one of his partners. Mr. Mando said there is a firewall, and it has been his point to never do any work for Boone County or Covington Independent school districts. Senator Williams asked Mr. Mando if he could make arrangements within his law firm where he would have a level of comfort with his involvement that he would not have to recuse himself from decisions that might affect those school districts. Mr. Mando said he would have to examine that.

Senator Casebier thanked all the appointees for being willing to serve and said he looks forward to the confirmation process continuing. He then explained that Ms. Esther P. Jansing was out of the country and she would share her personal background with committee members via videotape. He said her appointment is to the Council on Postsecondary Education. The members viewed the pre-recorded video.

Representative Mobley asked how the various board members were compensated. He asked that staff research this and get an answer. Ms. Mountjoy said that KBE receives reimbursement for actual expenses and also receives \$100 a day when the full board is in session. She said last year hers amounted to \$1,500 dollars. Ms. Adams said it is the exact same process for the CPE board members and last year hers amounted to \$1,700 dollars. Senator Casebier said EPSB receives expenses for their participation on the board.

The meeting adjourned at 3:15 p.m.